

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

WHOLESALE EQUITY
DEVELOPMENT CORPORATION, a
Delaware corporation,

Plaintiff,

v.

PETER BARGREEN and CROWN
DISTRIBUTING COMPANY OF
EVERETT, INC., a Washington
corporation,

Defendants.

Case No. C20-1095RSM

ORDER DENYING MOTION TO
CLARIFY PRELIMINARY INJUNCTION

This matter comes before the Court on Defendants Peter Bargreen and Crown Distributing Company of Everett, Inc. (“Crown of Everett”)’s Motion to Clarify Preliminary Injunction. Dkt. #43. The Court has determined that oral argument is unnecessary.

The facts of this case have already been set forth by the Court in its Order Granting Motion for Preliminary Injunction and are incorporated here by reference. *See* Dkt. #35. After that Order was granted, the parties filed a stipulated Motion to Stay Proceedings wherein Defendants stipulated to the fact that a “liquidating trustee” had been appointed to “wind down Crown LLC,” using this as a basis to stay the case “pending the sale.” Dkt. #36.

1 Defendants now file a Motion to “clarify” the Court’s Preliminary Injunction.
2 Defendants inform the Court that the trustee has calculated the value of Crown LLC at one
3 figure but has agreed to sell the assets to Anheuser-Busch for a much lower figure. Dkt. #43 at

4 2. Defendants also state:

5 If the sale proceeds, what was preliminary likely becomes
6 permanent. The majority owner of the business will lose the
7 business without ever having his day in court. That is neither right
8 nor fair, nor is it the purpose of a preliminary injunction.

9 The Court should clarify that the sale cannot occur until the trial on
10 the merits can be held. Alternatively, under Washington law,
11 Crown LLC must be paid the fair market value of the distribution
12 rights AB is acquiring. RCW 19.126.040(4). If the parties cannot
13 agree on the fair market value (and they cannot) arbitration is
14 mandatory under RCW 19.126.040(7). The existing injunction can
15 be read to preclude Crown’s majority owner, Mr. Bargreen, from
16 initiating that mandatory arbitration. If the Court declines to
17 restrain the sale, Mr. Bargreen seeks clarification that he can, on
18 behalf of Crown, pursue the required statutory arbitration
19 procedure.

16 *Id.* Defendants argue that the pending sale “violates the purpose of the preliminary injunction.”

17 *Id.* at 4.

18 In response, Plaintiff characterizes the instant Motion as an attempt “to re-litigate the
19 exact same issue decided ten months ago” based on the same record. Dkt. #50 at 1. Plaintiff
20 points out that a wind-down of the business and sale were always the goal as presented to the
21 Court.
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23 Plaintiff attacks Defendants’ position that the valuation and attempted sale of Crown
24 LLC was somehow improper by citing the Joint Status Report: “The liquidating trustee
25 conducted a bid process and several potential buyers submitted bids. Crown LLC signed a
26 Letter of Intent with the winning bidder and is in the process of negotiating a final purchase
27 agreement.” *Id.* at 2 (citing Dkt. #39).
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1 Regarding the need for arbitration, Plaintiff states:

2 The section of the Washington Wholesale Distributor/Supplier
3 Equity Agreement Act that defendants purport to rely upon is
4 completely inapplicable here. It provides a procedure for
5 determining fair market value in the event that a supplier
6 terminates a distributorship without cause. RCW § 19.126.040(4).
7 Crown LLC's distribution rights have not been terminated and so
8 the statute does not apply. There is no "terminated distributor," no
"terminated distribution rights," and no "successor distributor"
within the meaning of Section 19.126.040. Nor are the parties that
would participate in such an arbitration—even if the statute
applied, which it does not—before this Court.

9 *Id.* at 3.

10 Defendants did not file a reply brief.

11 The Court agrees with Plaintiff that the instant Motion is either an untimely motion for
12 reconsideration or a motion for preliminary injunction that fails to set forth the proper facts or
13 legal analysis for such a Motion. The Court finds that a wind-down and sale was anticipated by
14 the parties and the Court at the outset of this case and that such cannot serve as a basis for
15 reconsidering the Court's prior Order. Furthermore, Defendants have failed to demonstrate that
16 the sale must be enjoined, or that the bid process resulted in an unfair outcome. The Court
17 agrees with Plaintiff that RCW 19.126.040(7) is inapplicable to this situation because Crown
18 LLC's beer distribution rights have not been terminated.

19 Having considered the briefing from the parties and the remainder of the record, the
20 Court hereby finds and ORDERS that Defendants' Motion for Clarification is DENIED. The
21 Motions to Seal filed by the parties, Dkts. #40 and #45, are GRANTED. Dkts. #43, #50, #51,
22 and #52 shall remain under seal.

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1 DATED this 29th day of November, 2021.

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5 RICARDO S. MARTINEZ
6 CHIEF UNITED STATES DISTRICT JUDGE
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